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Pat Thibaudeau  
Joseph Zarelli

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Gary Alexander, *Secretary*  
Glenn Anderson  
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Janéa Holmquist  
Ross Hunter, *Chair*  
Fred Jarrett  
Kelli Linville  
Deb Wallace

October 18, 2005

JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE  
REGULAR COMMITTEE MEETING MINUTES

**COMMITTEE BUSINESS**

- Representative Ross Hunter, JLARC Chair, called the meeting to order at 10:08 a.m.
- No quorum was present—Committee business was deferred.

**REPORTS, PRESENTATIONS, DISCUSSIONS**

**AT-RISK YOUTH STUDY — PROPOSED FINAL REPORT**

Cynthia L. Forland with the JLARC staff presented the proposed final report. Ms. Forland reviewed the report's findings and recommendations on cost-effective programs.

Representative Hunter reminded the Committee that the Washington State Institute for Public Policy (WSIPP) will make a presentation next month to the Committee on the methodology they use in determining if programs are cost effective. This will be of interest to members as WSIPP's research often impacts JLARC studies.

Representative Jarrett mentioned that the recommendation identifies two areas for the Department of Social and Health Services (DSHS) reporting (programs that are not cost effective and programs with no research to allow for cost-effective analysis), and that DSHS needs to also identify those that are cost effective so that the total universe of programs is included. This will assist in understanding what proportion of programs are cost effective, not cost effective, or have no research to make such conclusions. Staff responded that DSHS has expressed an intention to include information on cost-effective programs in their reporting.

No quorum was present—final approval was deferred until the next meeting.

**K-12 SCHOOL SPENDING AND PERFORMANCE REVIEW — PROPOSED FINAL REPORT**

Lisa Jeremiah and Stephanie Hoffman with the JLARC staff presented the report's findings and conclusions, reminding members that there are no recommendations contained in the report. Staff also provided some follow-up information on issues that would need to be addressed if the state were to begin collecting school-level financial data.

Senator Zarelli asked for clarification on whether or not JLARC was able to find spending information at either the district or school level. Staff clarified that budget and spending information is available at the district level, but not always at the school level, even though some schools do have more detailed data available. Senator Zarelli then asked if the Committee should include a recommendation that such detail be available before considering the report final. In doing so, members could analyze and discuss the possible costs and benefits of requiring this additional information.

Representative Hunter mentioned that he agreed that this was an appropriate policy discussion for members to have.

Representative Alexander discussed members' obligation and focus on per pupil funding, with more detailed information needed to know how much is actually going to individual students. He asked if the State Auditor's Office is currently auditing at the district or school level; staff responded that they are auditing at both.

Representative Anderson commented that cost accounting definitions are available and that, at a minimum, we need a common framework for expenditure area definitions, agreeing that the Committee should develop a specific recommendation.

Representative Jarrett noted that the report did not identify how schools are performing, but rather talked about spending, posing the question of if we were to track down to the school level, would it make it easier for schools to perform better and easier to review performance. He suggested that staff might develop suggestions for what information needs to be available (financial and performance) to determine performance at the school level.

Representative Haigh asked if we have some examples of schools that have best practices in terms of capturing budget and expenditure information that would help facilitate performance evaluation. This would be a step toward understanding what information needs to become standard reporting information. Staff mentioned that the report was focused on the range of existing budgeting and accounting practices rather than best practices. In addition, staff mentioned that the focus was on data that the Office of Superintendent of Public Instruction (OSPI) requires districts to report, but districts have a range of accounting systems with capabilities perhaps above what OSPI requires.

Representative Hunter estimated that about 60 percent of districts have one type of accounting system software which can collect data at the school level. As such, this might mean that the cost of all districts going to this common system might be less than if there was no common software standard.

Representative Jarrett asked staff what standard would be used to identify best practices. Staff responded that criteria would first have to be developed before reviewing for best practices.

Representative Hunter stated that the consensus was that a Committee member recommendation (as distinct from a staff recommendation) to the Legislature is needed. He will take the lead at determining (via e-mail) members' thoughts and develop a consensus recommendation. He commented that accounting and budgeting changes—while perhaps substantial changes from current practices—will not find the Legislature mandating how individual schools will spend money. Rather this will be a change in the information available to the Legislature.

Representative Anderson commented that he appreciates that there might be fundamental changes in accounting processes, but that accounting for expenditures is not the same as mandating how schools are to expend their funds.

Representative Hunter summarized the discussion as determining better ways of measuring outcomes rather than dictating policies and that the Committee will revisit the issue at the next meeting.

Final approval was deferred until consensus on any Committee-sponsored recommendations is reached.

## **ALTERNATIVE LEARNING EXPERIENCE PROGRAMS STUDY—PROPOSED FINAL REPORT**

Robert Krell with JLARC staff presented the final report, focusing on the report's eight recommendations.

Representative Hunter requested clarification on the recommendations: are these joint recommendations with the State Auditor's Office (SAO)? Staff responded that they are not, but the SAO is generally supportive of all recommendations.

Senator Zarelli asked about the role of schools and the school districts—are districts acting as consultants or are districts actually paying for curriculum and buying books? JLARC staff was joined by Dale Sando from the State Auditor's Office and Martin Mueller from the Office of Superintendent of Public Instruction to answer: the student learning plan is developed by the school and any curriculum or books required in the plan is paid for by the school. In addition, this material remains the property of the school. Parents may supplement this material.

Senator Zarelli asked for clarification of Recommendation 6, specifically whether the recommendation was saying that there was no situation in which parents could use faith-based curriculum in these programs. Staff responded that the OSPI policy that is the subject of the recommendation states that parents are free to buy any materials they want to support the learning activities if it is above and beyond the 25 hours that are covered in the learning plan for which the school has supervisory responsibility. Representative Hunter then summarized the discussion from the preliminary report regarding religious-based curriculum. Basically, students are still considered to be public school students, not home school. Money is available to purchase items required in the school district learning plan; parents can purchase religious-based material, but school districts cannot require such material, purchase, or reimburse parents. Martin Mueller of OSPI added that this is partially clarified under new rules: districts must purchase all necessary resources in the student's plan, with all such material actually belonging to the school district.

Representative Hunter asked for clarification on Recommendation 3 regarding learning plans, asking if such plans are done on-line or on paper, with a concern that we are requiring the development of 20,000 new documents with no standardization. Staff responded that both paper and electronic (such as Word files) are being used and that OSPI is now providing suggested templates.

Representative Anderson suggested that this may somewhat add to standardization of the plans, but that JLARC might consider requiring a common template so that data may be consistent across the state. With this, a better understanding of the role the plan plays in the allocation of resources may be developed.

Representative Jarrett asked if the report had developed any conclusions on the quality of the programs. Staff responded that this was not included as there is no evidence available. Representative Jarrett mentioned that members need to be aware that an unintended consequence of stricter regulation of Alternative Learning Experience (ALE) programs might be to undermine a program that is trying to undo "seat time" as a definition of how kids learn.

Senator Zarelli spoke to the need to look at outcomes of these programs, thus facilitating a better understanding of whether or not the appropriate amount of funding is being used. He suggested that a program needs to be able to provide data on its level of success.

Representative Hunter asked if there was any WASL data available to help evaluate outcomes. Martin Mueller responded that it is not currently possible to separate WASL scores for students in ALE programs as ID's of each student, to cross match, are not available.

Representative Jarrett asked how this report's recommendations relate to recommendations that were not made in the previous K-12 report, but which he noted the Committee seemed interested in making. Martin Mueller offered his perspective that there is some similarity in terms of seeking to get financial information at the school level.

No quorum was present—final approval was deferred until the next meeting.

### **K-12 PUPIL TRANSPORTATION FUNDING FORMULA STUDY—PROPOSED SCOPE AND OBJECTIVES**

JLARC staff members Fara Daun and Stephanie Hoffman briefly reviewed the study scope. The study will evaluate the extent to which the formula reflects costs of providing transportation services related directly to basic education, review alternatives that might more accurately reflect costs, review technology changes which may help better reflect costs, and look at nationally recognized best practices.

Senator Zarelli spoke to the need to understand the difference between the funding formula and actual costs, with the need to look at the variety of ways districts choose to operate buses, such as cooperatives. The report should be attentive to issues such as varying costs of labor versus contracting. Staff mentioned that the study is designed so that it will look at the three basic methods of providing transportation: employees of districts, contracting, or cooperatives.

A discussion followed regarding transportation issues and/or costs associated with K-12 pupil transportation funding and the types of data staff will be looking at.

Representative Jarrett asked about how detailed data will be collected, as well as what detail might be available. Staff responded that they will be looking, for select districts, at detailed drivers' logs. This will assist in determining if they can identify basic versus other transportation costs. However, staff cautioned that such data will not be a statewide total, but rather "case studies" of those select districts. Representative Jarrett mentioned that this detail will be very helpful. He also is interested in learning more about out-of-district and special education service costs.

Senator Rockefeller spoke to the costs of transportation services for students who are going to vocational centers for part of the school day and requested that staff be attentive to the formula recognizing such special transportation needs. Staff mentioned that shuttles are identified in funding formula and that they would review such issues as part of the analysis.

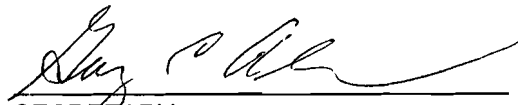
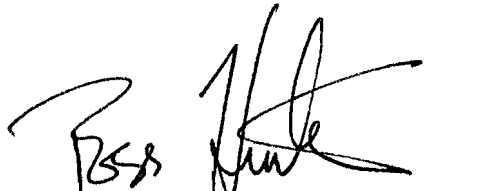
### **ATTENDANCE**

JLARC Members Present: Senators Debbie Regala, Phil Rockefeller, and Joseph Zarelli; Representatives Gary Alexander, Glenn Anderson, Kathy Haigh, Ross Hunter, and Fred Jarrett.

JLARC Staff Present: Ruta Fanning, Legislative Auditor; staff members, John Bowden, Linda Byers, Fara Daun, Melania Elias, Cynthia L. Forland, Stephanie Hoffman, Lisa Jeremiah, Suzanne Kelly, Keenan Konopaski, Robert Krell, Isabel Muñoz-Colón, Curt Rogers, and John Woolley.

### ADJOURNMENT

The meeting was adjourned at 11:35 a.m.

  
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SECRETARY  
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CHAIR